


BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2002-269-C - ORDER NO. 2002-824  
DECEMBER 6, 2002

IN RE: Application of Granite Telecommunications, LLC for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange and Interexchange Telecommunications Services and for Flexible Regulation of Its Local Service Offerings and for Modified Alternative Regulation of Its Interexchange Business Offerings	)	ORDER GRANTING CERTIFICATE FOR LOCAL EXCHANGE AUTHORITY AND FLEXIBLE REGULATION AND FOR INTEREXCHANGE AUTHORITY AND MODIFIED ALTERNATIVE REGULATION
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This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Granite Telecommunications, LLC ("Granite" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold and facilities-based local exchange and interexchange telecommunications services within the State of South Carolina. Granite requests that the Commission regulate Granite's local telecommunications services in accordance with the principles and procedures established for "flexible regulation" in Order No. 98-165 in Docket No. 97-467-C. In addition, Granite requests that the Commission regulate Granite's long distance business services, consumer card services, operator services and private line service offerings in accordance with the principles and procedures established for relaxed regulation in Orders Nos. 95-1734 and 96-55 in

Docket No. 95-661-C, as modified by Order No. 2001-997 in Docket No. 2000-407-C (now known as “modified alternative regulation”). The Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2001) and the Regulations of the Public Service Commission of South Carolina.

The Commission’s Executive Director instructed Granite to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Granite’s application and of the manner and time in which to file the appropriate pleadings for participation in the proceedings. Granite complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed by the South Carolina Telephone Coalition (“SCTC”).

On October 8, 2002, counsel for the SCTC filed with the Commission a Stipulation in which Granite stipulated that it would seek authority in non-rural local exchange (“LEC”) service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent’s service area, unless and until Granite provided written notice of its intent prior to the date of the intended service. Granite also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. Granite agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. As a result of the Stipulation between the SCTC and Granite, the SCTC did not oppose Granite’s application seeking a Certificate of Public Convenience

and Necessity to provide local services provided the conditions contained in the Stipulation are met. The Stipulation was entered into the evidence of the hearing, and Granite requested that the Stipulation be approved by the Commission. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was convened on November 6, 2002, at 10:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable Mignon Clyburn, Chairman, presided. Granite was represented by Bonnie D. Shealy, Esquire. Florence P. Belser, Deputy General Counsel, represented the Commission Staff.

Geoffrey Cookman, Director of Regulatory Affairs and Carrier Relations for Granite, appeared and testified in support of the application. As Director of Regulatory Affairs and Carrier Relations, Mr. Cookman testified that he is responsible for all regulatory reporting and affairs and for interfacing with Regional Bell Operating Companies, interexchange carriers, and interconnecting carriers. He is also responsible for preparing and filing all state and federal financial and regulatory reports, preparing and overseeing the billing of carrier access charges, overseeing internal revenue and cost auditing, and preparing revenue and cost reports for company review. Mr. Cookman has ten years of experience in the competitive telecommunications industry in the areas of access cost management, contract negotiation and carrier relations, network planning and engineering, network maintenance and repair, State and Federal regulatory affairs, pricing and product management, sales and customer support, DMS switch engineering and translations, communications taxes, and credit/collections management.

According to Mr. Cookman, Granite is a privately-held company and is not affiliated with any other company. Granite does not maintain subsidiaries nor is it a subsidiary of a parent company. Granite was organized under the laws of the State of Delaware on April 1, 2002. On May, 2002, Granite was issued, by the South Carolina Secretary of State, a Certificate of Authority to transact business in the State of South Carolina.

In explaining the services which Granite intends to offer, Mr. Cookman testified that Granite proposes to offer competitive local exchange and interexchange telecommunications services throughout the southeastern and northeastern United States. Granite proposes to offer a variety of competitive local exchange services including basic service, custom calling features, and intraLATA toll services utilizing incumbent local exchange carrier unbundled network elements. As for toll services, Granite intends to offer resold intrastate, intraLATA, and interLATA toll services. Granite will coordinate with the incumbent local exchange carrier for the provision of emergency 911 services, directory publication, and directory distribution to local customers. Mr. Cookman testified that Granite's goal is to provide customers with a comprehensive set of combined local and interexchange telecommunications services at desirable rates.

Mr. Cookman stated that Granite does not intend to construct facilities within South Carolina. Instead, Granite will serve local exchange subscribers utilizing a combination of incumbent local exchange carrier unbundled network elements and resold services. Toward this end, Mr. Cookman stated that Granite had concluded negotiations for interconnection and has signed an interconnection agreement with BellSouth. The

interconnection agreement will be filed with the Commission pursuant to section 252(e) of the 1996 Telecommunications Act (47 U.S.C. §252(e)) for approval.

Granite intends to offer its services to residential and commercial customers throughout the State of South Carolina, and Granite's target market is small to medium sized business customers and multi-location customers. Commercial and residential local exchange subscribers will be served utilizing existing incumbent facilities, and such facilities will be leased by Granite as existing combined UNEs. Granite will offer interexchange services exclusively on a resold basis, and Granite's underlying long distance carrier is Quest. Mr. Cookman stated that Granite would only use carriers properly certified by the Commission for the provision of its services. Further, Granite does not own any switching equipment or transport facilities in South Carolina. Granite will be relying on the technical network capabilities of its underlying carriers for all network and transport facilities in the provision of access and egress for Granite's local and interexchange services.

According to Mr. Cookman's testimony, Granite has sufficient technical, financial, and managerial resources and ability to provide the telecommunications services for which authority is sought. Mr. Cookman offered that Granite's professional staff is eminently qualified to support Granite's telecommunications services offerings. Granite's professional staff is comprised of seasoned industry professionals with decades of telecommunications industry experience. The individuals of Granite's staff have developed expertise through their long standing work in building a local and

interexchange telecommunications service provider into a major company that at its peak has generated more than \$300 million in revenues.

With regard to the financial qualifications, Mr. Cookman stated that Granite is fully funded and requires no external financing. Further, Mr. Cookman testified that Granite is profitable and has no accumulated debt.

As to technical qualifications to provide the requested services, Mr. Cookman pointed to Granite's seasoned professional staff. Further, Mr. Cookman noted that Granite is presently providing its services in other states and noted that Granite is presently certified to provide its services in 14 states. Mr. Cookman also explained Granite's customer service operations.

Granite indicates a desire to have its long distance business services, including consumer card services, operator services, and private line services offerings regulated by modified alternative regulation. Granite requested that all of its long distance business service offerings be regulated pursuant to the procedures described and set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. It is Granite's intent by this request to have its long distance business services regulated in the same manner as this Commission has permitted for AT&T Communications of the Southern States. Alternative regulation has now been modified by this Commission through the re-imposition of rate caps with regard to certain "operator assisted calls" where a customer uses a local exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum

cap of \$0.35 related to the flat per-minute rate associated with these calls. Granite also requested flexible regulation of its local tariff filings under which Granite's tariff filings are presumed valid upon filing, subject to the Commission's right within thirty days to institute an investigation of the local tariff filing.

According to the Application and Mr. Cookman's testimony, Granite seeks certain waivers from the Commission Rules and Regulations. Granite requests a waiver of 26 S.C. Code Regs. 103-610 (1976) so that it may maintain its records outside of South Carolina. Specifically, Granite seeks to maintain its books and records at its headquarters office in Quincy, Massachusetts. Mr. Cookman stated that Granite is aware of and agrees to abide by the Commission's regulation that requires that these records be made available for examination by the Commission at reasonable hours. Granite also seeks a waiver of 26 S.C. Code Regs. 103-631 that requires a telecommunications company to publish and distribute a local exchange directory. According to Mr. Cookman, Granite will contract with the incumbent local exchange carrier to include Granite's customers in the incumbent's directory. Granite also requests that it be allowed to keep its books and financial records according to the Generally Accepted Accounting Principles (GAAP) rather than according to the Uniform System of Accounts (USOA).

According to Mr. Cookman, Granite has never had authority denied in any state where it has applied for authority nor has Granite had authority revoked in any state where it has been granted authority. Additionally, Granite has never been the subject of an investigation nor been fined or sanctioned by a state or federal regulatory body. According to the testimony, Granite has not marketed its services in South Carolina prior

to receiving certification. Finally, Mr. Cookman stated that Granite will abide by all the Commission's rules, regulations and Orders upon receiving certification to operate as a telecommunications provider in South Carolina.

After full consideration of the applicable law, Granite's Application, and the evidence presented at the hearing, the Commission hereby issues its Findings of Fact and Conclusions of Law:

#### **FINDINGS OF FACT**

1. Granite is a privately held limited liability company ("LLC") duly organized and existing under the laws of the State of Delaware and has been authorized to do business in the State of South Carolina by the Secretary of State.

2. Granite is a provider of local exchange and interexchange telecommunications services and wishes to provide its services in South Carolina.

3. Granite has the managerial, technical, and financial resources to provide the services as described in its application. S.C. Code Ann. Section 58-9-280 (B)(1) (Supp. 2001).

4. The Commission finds that Granite's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B)(3) (Supp. 2001).

5. The Commission finds that Granite will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280 (B)(4) (Supp. 2001).



6. The Commission finds that the services to be provided by Granite will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280 (B)(2) (Supp. 2001).

7. The Commission finds that the provision of local exchange service by Granite “does not otherwise adversely impact the public interest.” S.C. Code Ann. Section 58-9-280 (B)(5) (Supp. 2001).

8. The Commission finds that Granite should be granted the following waivers: (1) a waiver of 26 S.C. Code Regs. 103-631 (1976 and Supp. 2001) requiring the publication of a local exchange directory and (2) a waiver of 26 S.C. Code Regs. 103-610 requiring that reports and records be maintained within the State of South Carolina.

9. The Commission finds it appropriate for Granite to maintain its books and records using Generally Accepted Accounting Principles (GAAP) rather than the Uniform System of Accounts (USOA) as developed by NARUC.

### **CONCLUSIONS OF LAW**

1. The Commission concludes that a Certificate of Public Convenience and Necessity should be, and hereby is, granted to Granite to provide competitive intrastate local exchange services only to customers located in the non-rural areas of the state. The terms of the Stipulation between Granite and SCTC are approved and adopted as a part of this Order. Therefore, any proposal to provide local telecommunications service to rural service areas is subject to the terms of the Stipulation. In addition, Granite is granted authority to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through

the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. Granite shall file its final local services tariff incorporating all changes suggested by Staff and agreed to by Granite. Further, Granite's final local services tariff shall be in conformance with South Carolina law, including the Commission's Rules and Regulations.

Granite's local telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically, the Commission adopts for Granite's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, Granite's local exchange service tariff filings are presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

3. The Commission adopts a rate design for the interexchange services of Granite consistent with the principles and procedures established for alternative regulation of long distance business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C and modified by Order No. 2001-997. Following the

modification of the alternative regulation by Commission Order No. 2001-997, this form of regulation is commonly referred to by the Commission, Staff, and others as “modified alternative regulation.”

Under the Commission approved modified alternative regulation, the business service offerings of Granite, including consumer card services, operator services and private line services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. However, pursuant to Order No. 2001-997 issued in Docket No. 2000-407-C, this Commission has modified the previously approved alternative regulation by the re-imposition of rate caps with regard to certain “operator-assisted calls” where a customer uses a local exchange carrier’s calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme known as modified alternative regulation, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to Granite also.

4. With regard to the residential interexchange service offerings of Granite, the Commission adopts a rate design that includes only maximum rate levels for each tariff charge. The Commission has previously adopted a rate structure incorporating maximum rate levels. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

5. With regard to residential interexchange service rates, Granite shall not adjust its residential interexchange service rates below the approved maximum levels without notice to the Commission and to the public. Granite shall file its proposed rate changes, publish notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances that do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential interexchange services reflected in the tariff which would be applicable to the general body of Granite's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2001).

6. If it has not already done so by the date of issuance of this Order, Granite shall file its revised interexchange tariffs and accompanying price lists within thirty (30) days of receipt of this Order. The revised tariffs shall be consistent with the findings of this Order, shall incorporate the changes suggested by the Staff and with which Granite

agreed, and shall be consistent South Carolina law, including the Commission's Rules and Regulations.

7. Granite shall be required to comply with Title 23, Chapter 47, South Carolina Code of Laws Ann. which governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, Granite shall insure that its customers shall have proper 911 access and coverage. To that end, the Commission hereby instructs Granite to contact the appropriate authorities regarding 911 service in the counties and cities where Granite will be operating. Contact with the appropriate 911 service authorities is to be made before providing local telecommunications service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association ("SC NENA") with contact information and sample forms. Granite may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, Granite shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

8. Granite is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

9. With regard to Granite's interexchange service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

10. Granite shall resell the services of only those interexchange carriers or LECs authorized by this Commission to provide telecommunications services within the State of South Carolina. If Granite changes underlying carriers, it shall notify the Commission in writing.

11. With regard to the origination and termination of toll calls within the same LATA, Granite shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the FCC pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, Granite shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

12. Granite shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The annual report and the gross receipt filings will necessitate the filing of intrastate

information. Therefore, Granite shall keep such financial records on an intrastate basis as needed to comply with the annual report and gross receipt filings. The form to be used in filing annual financial information with the Commission may be found at the Commission's website at [www.psc.state.sc.us/forms/default.htm](http://www.psc.state.sc.us/forms/default.htm). The two-page form Granite is required to use in which to file the required information is entitled "Annual Information on South Carolina Operations for Interexchange Companies and AOS." Be advised that the Commission's annual report form requires the filing of intrastate revenues and intrastate expenses.

13. In addition, Granite is required to file annual report information for competitive local exchange carriers. The form Granite is required to use by which to file its annual financial information with the Commission may be found on the Commission's website at [www.psc.state.sc.us/forms/default.htm](http://www.psc.state.sc.us/forms/default.htm). This form is entitled "Annual Report for Competitive Local Exchange Carriers" and consists of four pages. Additionally, Granite shall file with the Commission a quarterly report entitled "CLEC Service Quality Quarterly Report." The proper form for this report is found on the Commission's website at [www.psc.state.sc.us/forms/default.htm](http://www.psc.state.sc.us/forms/default.htm).

14. Granite shall, in compliance with Commission regulations, designate and maintain authorized utility representatives who are prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, Granite shall provide to the Commission in writing the names of the authorized representatives to be contacted in connection with general management duties as well as emergencies occurring during non-office hours.

Granite shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The form Granite is required to use by which to file the authorized utility representative information may be found at the Commission's website at [www.psc.state.sc.us/forms/default.htm](http://www.psc.state.sc.us/forms/default.htm). This form is entitled "Authorized Utility Representative Information." Further, Granite shall promptly notify the Commission in writing if any representatives are replaced.

Granite shall also file with the Commission a copy of its general Bill Form as required by S.C. Code Regs. 103-612.2 and 103-622 (1976 and Supp. 2001).

15. Granite shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

16. The FCC in July, 2000, required all telecommunications carriers throughout the United States to implement three-digit, 711, dialing for access to all Telecommunications Relay Services (TRS). The Commission issued a memorandum in March, 2001, instructing all South Carolina telecommunications carriers to implement the service completely by October, 2001. All competitive local exchange carriers (CLECs) and incumbent local exchange carriers (ILECs) were instructed to include language in their tariffs introducing 711 as a new service offering with deployment by July 1, 2001, and to translate 711 dialed calls to 1-800-735-2905. All Payphone Service Providers (PSPs) were instructed to modify their programmable phones to translate calls dialed as



711 to the assigned TRS toll free number 1-800-735-2905 in order to route 711 calls to the TRS provider before October 2, 2001. Additionally, telephone directories were required to be updated, and bill inserts promoting 711 were also required. Granite must comply with the applicable mandates. Complete information on compliance with the FCC's and Commission's requirements, may be found on the Commission's website at [www.psc.state.sc.us/forms/default.htm](http://www.psc.state.sc.us/forms/default.htm).

17. With regard to Granite's requests for certain waivers of the Commission's Rules and Regulations, Granite is hereby granted waivers of 26 S.C. Code Regs. 103-610 and 26 S.C. Code Regs. 103-631, and Granite may keep its books and records according to Generally Accepted Accounting Principles (GAAP) rather than according to the Uniform System of Accounts (USOA). As to Granite's request for a waiver of 26 S.C. Code Regs. 103-610 (1976) so that it may maintain its records outside of South Carolina, Granite is granted this waiver and may maintain its books and records at its headquarters office in Quincy, Massachusetts, on the condition as agreed to by Granite that these records be made available for examination by the Commission at reasonable hours. Granite is also granted a waiver of 26 S.C. Code Regs. 103-631 that requires a telecommunications company to publish and distribute a local exchange directory provided that Granite makes arrangements through contract or otherwise with the incumbent local exchange carrier to include Granite's customers in the incumbent's directory. Finally, Granite may keep its books and financial records according to the Generally Accepted Accounting Principles (GAAP) rather than according to the Uniform System of Accounts (USOA).

18. Each telecommunications company certified in South Carolina is required to file annually the Intrastate State Universal Service Fund (USF) worksheet. This worksheet provides the Commission Staff with information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than August 15<sup>th</sup>.

19. Granite is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

20. This Order shall remain in full force and effect until further Order of the Commission.

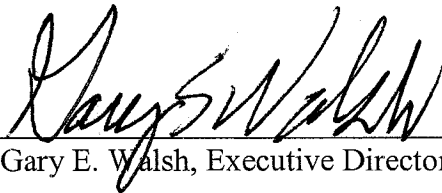
BY ORDER OF THE COMMISSION:



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Mignon L. Clyburn, Chairman

ATTEST:



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Gary E. Walsh, Executive Director

(SEAL)

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

Docket No. 2002-269-C

Re: Application of Granite Telecommunications, )  
LLC for a Certificate of Public Convenience )  
and Necessity to Provide Resold and Facilities- )  
based Local Exchange and Non-facilities Based )  
Long Distance Telecommunications Services in )  
the State of South Carolina )  
\_\_\_\_\_ )

**STIPULATION**

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Granite Telecommunication, LLC ("Granite") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Granite's Application. SCTC and Granite stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Granite, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. Granite stipulates and agrees that any Certificate which may be granted will authorize Granite to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. Granite stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. Granite stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and

until Granite provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Granite acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Granite stipulates and agrees that, if Granite gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Granite will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Granite acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

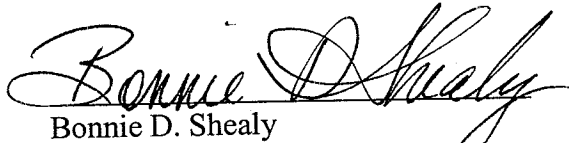
7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Granite, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. Granite agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. Granite hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 2<sup>nd</sup> day of October, 2002.

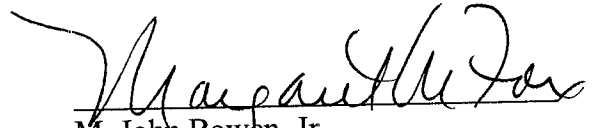
Granite Telecommunications, LLC:



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Attorneys for Granite  
Telecommunications, LLC

South Carolina Telephone Coalition:



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(803) 799-9800

Attorneys for the South Carolina  
Telephone Coalition

ATTACHMENT A

South Carolina Telephone Coalition Member Companies  
for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.  
Chesnee Telephone Company  
Chester Telephone Company  
Farmers Telephone Cooperative, Inc.  
Ft. Mill Telephone Company  
Heath Springs Telephone Company Inc.  
Home Telephone Company, Inc.  
Lancaster Telephone Company  
Lockhart Telephone Company  
McClellanville Telephone Company  
Norway Telephone Company  
Palmetto Rural Telephone Cooperative, Inc.  
Piedmont Rural Telephone Cooperative, Inc.  
Pond Branch Telephone Company  
Ridgeway Telephone Company  
Rock Hill Telephone Company  
Sandhill Telephone Cooperative, Inc.  
St. Stephen Telephone Company  
West Carolina Rural Telephone Cooperative, Inc.  
Williston Telephone Company

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

Docket No. 2002-269-C

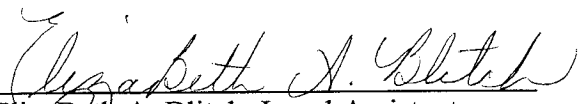
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based Local Exchange and Non-facilities Based )  
Long Distance Telecommunications Services in )  
the State of South Carolina )

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**CERTIFICATE OF  
SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the foregoing Stipulation upon the following party of record by causing said copy to be deposited with the United States Mail, first class postage prepaid to:

Bonnie D. Shealy, Esquire  
Robinson McFadden & Moore, P.C.  
Post Office Box 944  
Columbia, South Carolina 29202.

  
ElizaBeth A. Blitch, Legal Assistant  
McNAIR LAW FIRM, P.A.  
Post Office Box 11390  
Columbia, South Carolina 29211  
(803) 799-9800

October 8, 2002

Columbia, South Carolina